

Message Text

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ACTION EA-12

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C O N F I D E N T I A L TOKYO 3537

CINCPAC ALSO FOR POLAD

E.O. 11652: GDS
TAGS: PINT, JA
SUBJECT: MODEST BUDGET REVISION

SUMMARY. BECAUSE NEW LIBERAL CLUB (NLC) WAS PREVAILED ON
TO BREAK OPPOSITION PARTY RANKS AND SUPPORT LIBERAL DEMOCRATIC
PARTY (LDP), BUDGET BILL WILL PROBABLY PASS THROUGH LOWER
HOUSE WITH ONLY SLIGHT REVISION. END SUMMARY.

1. BY ADROITLY WINNING NLC OVER TO HIS SIDE, LDP SECGEN OHIRA
HAS MADE IT LIKELY THAT JFY-78 BUDGET BILL WILL PASS THROUGH
LOWER HOUSE WITH MINIMAL REVISION. LAST WEEK, AFTER LONG
CONSULTATIONS, ALL OPPOSITION PARTIES ISSUED JOINT DEMAND
FOR 1.2 TRILLION YEN WORTH OF TAX REBATES AND INCREASES IN
WELFARE EXPENDITURES AND PARALYZED LOWER HOUSE BUDGET COM-
MITTEE WITH BOYCOTT WHEN LDP REFUSED TO DISCUSS ANY REVISIONS.
TO END BOYCOTT, OHIRA HAD TO PERSUADE OTHER LDP LEADERS TO
APPROVE MODEST COUNTERPROPOSAL FOR 340 BILLION YEN REVISION.
WHEN LDP'S OFFER WAS ANNOUNCED, IT WAS REJECTED BY ALL
OPPOSITION PARTIES EXCEPT NLC, WHICH, TO SURPRISE AND
CONSTERNATION OF ITS ERSTWHILE OPPOSITION ALLIES, BROKE
RANKS TO JOIN LDP.NLC VOTES SEEMINGLY
ASSURE BILL'S PASSAGE WITH ONLY 340 BILLION YEN REVISION,
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BUT, WHAT WITH THREE-DAY BOYCOTT, NEGOTIATION TIME AND
REAR GUARD FOOT-DRAGGING BY OPPOSITION, BILL WILL NOT
BE PASSED BY LOWER HOUSE TILL MARCH 6 AT EARLIEST, ONE
WEEK BEHIND SCHEDULE.

2. COMMENT: IN RECRUITING NLC TO LDP SIDE, OHIRA HAS
ONCE AGAIN EMPLOYED "PARTIAL COALITION" STRATEGY, WHICH,

IN PAST TWO DIET SESSIONS HAD ENABLED LDP TO FIND TEMPORARY OPPOSITION PARTY ALLY WITH ENOUGH VOTES TO SWING PASSAGE OF PARTICULAR BILLS. NLC'S DEFECTION FROM OPPOSITION RANKS WAS SURPRISING BECAUSE IT HAD PREVIOUSLY BEEN ANXIOUS TO KEEP ITS DISTANCE FROM LDP FOR FEAR OF DILLUTING ITS OPPOSITIONIST IMAGE. ALREADY NLC CHAIRMAN KONO IS BEING CRITICIZED BY OTHER OPPOSITION LEADERS FOR BEING "CONSERVATIVE."

3. ACCORDING TO STORY BEING TOLD BY SOCIALIST DIET STRATEGIST AND CORROBORATED BY SENIOR REPORTER ON LDP BEAT, OHIRA DECIDED AGAINST APPROACHING KONO DIRECTLY. INSTEAD, HE WENT TO BUSINESS LEADERS WHO IN TURN URGED KONO NOT TO ALLY HIMSELF WITH LIKES OF COMMUNISTS AND SOCIALISTS BUT TO SUPPORT LDP'S SENSIBLE BUDGET COMPROMISE. THEY ALSO PROMISED MUCH NEEDED CAMPAIGN FUNDS.
MANSFIELD

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